



“GENDERED PERSPECTIVES ON FINANCIAL LITERACY AND INVESTMENT BEHAVIOR AMONG SALARIED INDIVIDUALS: AN EMPIRICAL STUDY”

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ABSTRACT

Financial Literacy is the mix of one's knowledge, skill and attitude towards financial matters. It helps to make informed decisions and well being of an individual. Only financial literacy is not helpful without apply that knowledge in to the form of investment. The whole research is based on perceptions, factors, gender disparity and knowledge of salaried individuals. There is a need of financial literacy about different financial avenues.

KEYWORDS: Financial Literacy, Individual Perception, Empirical Research, Gender Disparity, Financial Avenues, Financial Planner, Financial Advisor, Saving, Investment, Diversified Investment.

INTRODUCTION

In the post-pandemic era, individuals are increasingly concerned about future uncertainties, leading them to seek ways to secure their investments for maximum returns. The optimal investment choice for each person is usually determined by four critical factors: their risk tolerance, time horizon, liquidity requirements, and tax bracket. Salaried individuals have a plethora of options available to diversify their asset portfolio, including stocks, real estate, gold, crypto currencies, mutual funds, provident funds, government schemes, and start-up ventures, among others.

Problem statement

Salaried individuals exhibit a limited grasp of financial knowledge, and even those who possess financial literacy display a relatively subdued enthusiasm for investments. Consequently, it becomes imperative to discern and understand their investment patterns and behaviors.

“Gendered Perspectives on Financial literacy and Investment Behavior among salaried individuals: An Empirical Study”

Objective of research

- To study the perception of salaried people towards various Investments Options.
- To know the factors that influence people's investment behavior.
- To understand gender disparity in financial literacy.
- To identify salaried individuals' ability to apply knowledge of financial literacy.

Hypotheses statement

- H0: There is no significant correlation between factors of Investment & Gender
H1: There is significant correlation between factors of Investment & Gender
- H0: Respondents' do not agree with the commonly held notions about investment strategies.
H1: Respondents' do agree with the commonly held notions about investment strategies.

Literature Review

- Joyce Etal (2010) revealed that the level of education influence general and financial product awareness among youths. Also, males were found to have higher levels of financial awareness compared to females.
- Faunce (2010) indicated that an overwhelming 83% of survey respondents agreed that a lack of financial knowledge is a major motivation in a person's decision to seek the advice of a financial planning professional.
- Tokar Asaad (2012) Individuals who have high perceived knowledge but little factual knowledge to back it up are prone to making risky financial definitions and may need outside help in changing their financial behaviour.
- Yang & DeVaney (2006) studied factors associated with the extent of search for saving and investment information using the 2001 Survey of Consumer Finances.

Research design

The study focuses on investigating the investment traits and behaviours of

salaried individuals, employing a empirical research approach. This research relies on both primary and secondary data sources to gain comprehensive insights into the area of research.

Data collection

Data is gathered through 100 convenience samples using Google Forms as the sole medium of data collection. The participants are equally distributed between both genders from Rajkot city.

Statistical techniques

Based on the data collected, the analysis will be carried out using ANOVA and Chi-Square statistical methods.

Data analysis

Data collection has been facilitated through the use of a questionnaire. The collected data has then been subjected to analysis and interpretation utilizing various statistical techniques available in Microsoft Excel and SPSS.

Interpretation of data

Gender

A balanced distribution of genders, with an equal 50 representation of each, is incorporated to ensure impartiality in the research.

Age

The majority of respondents, specifically 77, belong to the 20-30 age brackets. Additionally, 11 responses fall in the 30-40 age range, while 6 responses each come from the 40-50 and 50-60 age groups. These individuals have been investing their income for a significant period.

Occupation

The largest portion of respondents, accounting for 54, belongs to the private job category. The second highest group, comprising 37, falls under the "others" category, which includes individuals engaged in business, freelancing, and independent brokerage, among others. The third highest category, consisting of 9 of respondents, is represented by those employed in government jobs.

Income (Per annum)

A significant proportion of respondents, specifically 53, report an income within the range of 1-5 lakhs. Nearly half of this number, around 22, belongs to the income bracket of 5-10 lakhs. Additionally, 12 respondents fall within the 10-15 lakhs income range, while the remaining 6 respondents report an income above 20 lakhs. This data highlights that the majority of respondents fall within the middle-class spectrum.

Do you know the difference between Savings & Investments?

A vast majority of respondents, precisely 94, were aware of the distinction between savings and investments, while the remaining 6 were not familiar with this distinction. This can be attributed to the relatively high level of financial literacy among individuals.

Do you take advice from financial advisor/financial planner?

Out of my sample group, 60 individuals prefer seeking advice from financial advisors or planners, while 40 respondents prefer to pursue their own investment strategies.

How often do you invest?

The majority of my respondents, comprising 44, choose to invest their income on a monthly basis. The remaining distribution includes 20 investing regularly, 17 investing quarterly, 15 investing yearly, and investing weekly. These diverse investment patterns contribute to a more diversified investment portfolio.

In which avenues do you invest?

This query is structured as a checkbox-style question. Out of a total of 100 respondents, the breakdown of their involvement is as follows: 67 in gold, 63 in stocks, 61 in mutual funds, 53 in provident funds (P.F.), 52 in property, 37 in government schemes, 15 in startup ventures, 8 in crypto and 28 in other areas. These responses reflect a wide variety of investment options that respondents use ranging from high risk high return choices like cryptos and stocks to fixed return low risk choices like provident funds and government schemes.

How much portion of your salary/income do you invest?

Among the total of 100 responses, 31 and 30 respondents, respectively, show a preference for investing mostly in the 1-5% and 5-10% range of their income. Additionally, 19, 12, and 8 respondents invest in the 10-15%, 15-20% and above 20% brackets respectively. This approach aligns with their belief in investing smaller amounts to minimize potential losses and avoid substantial financial setbacks, if the situation arises.

Investments should be made from your saving. Select your perspective from the below strongly agree to strongly disagree?

The responses indicate that a significant majority of respondents, totalling 45, strongly agree with the statement, while 38 respondents agree with it, and 11 remain neutral. 11 People who opted for neutral option indicate different approach of wealth maximization.

With prudent investments made today, the potential for future savings growth becomes more promising. Please choose your viewpoint from the selection provided below.

The responses indicate that a significant majority of respondents, totalling 46, strongly agree with the statement, while 35 respondents agree with it, and 13 remain neutral. This trend can be attributed to the fact that individuals strategically plan their investments with the intention of bolstering future savings.

How much do you agree that investing in more than one avenue lowers your total investment risk?

The majority of respondents, comprising 42, 39, and 17 individuals, respectively, strongly agree, agree, and hold a neutral stance towards the renowned investment principle of diversification. However, only 2 respondents disagree with this rule. Diversification effectively mitigates overall risk.

Have you been able to achieve your goals by investing a part of your salary?

The responses to this question illustrates that a significant majority of respondents, specifically 79, have successfully reached their goals by allocating a portion of their income to investments. On the contrary, remaining 21, who did not achieve their goals likely encountered challenges due to suboptimal investment decisions?

Up till now have you observed an increase in your investment value?

The majority of respondents, comprising 85, have experienced an increase in the value of their investments. This further underscores the notion that investors consistently take into account the future value of their investments. Conversely, remaining 15, who haven't witnessed a rise in investment value may indicate either a market downturn or an unexpected decline in investment value over time. Overall the survey data shows that prudent investment gives return in the long run.

Do you follow a set plan or pattern of investment?

Among the total of 100 respondents, the majority of investors, specifically 69, adhere to a Predefined plan or strategy to achieve both profit and wealth maximization.

Systematic planning of investment could change the flow of income. Select your perspective from strongly agree to strongly disagree?

The dominant viewpoint among most respondents, accounting for 54, is of agreement, and 22 respondents even express strong agreement, that meticulous and systematic planning is imperative for investments. They acknowledge that vague or inadequate planning could result in a decline in investments, leading to potential losses. Additionally, 23 respondents remain neutral on the matter. Only 1 respondent disagrees with the statement. This highlights that a substantial majority of investors prioritize thoughtful and forward-looking systematic planning, taking into consideration all essential factors.

Which factors do you consider the most while investing your salary?

The above chart depicts that majority of the respondents i.e. 24 are clearly considering Return as the major factors to look for when they invest. Other 23 respondents consider Risk as an important factor. 19 respondents are focusing Price and Future Goal each for the investment. 15 respondents are focusing Futurity for the investment.

Diversifies investments could earn you more than your regular lifetime salaried income. Select your perspective from yes or no option.

A significant majority of respondents, totalling 89%, hold the perspective that diversifying investments can indeed generate higher returns compared to undiversified investment. This viewpoint stems from the understanding diversification has the potential to enhance returns on investment and ensures risk mitigation.

From your experience of investment of salary would you advice other salaried people to invest their salary?

The prevailing sentiment among most respondents, specifically 92, is that they would be inclined to recommend investment in various avenues to others based on their own experiences.

Findings & interpretation of hypothesis Using Chi-square test**Hypothesis 1:**

H0: There is no significant correlation between factors of Investment & Gender

H1: There is significant correlation between factors of Investment & Gender

CALCULATION

Elements	Observed	Expected	Difference	Square of difference	Chi square
C1R1	16	12.19	3.81	14.5161	1.190820345
C1R2	7	10.81	-3.81	14.5161	1.342839963
C2R1	8	12.72	-4.72	22.2784	1.751446541
C2R2	16	11.28	4.72	22.2784	1.975035461
C3R1	12	10.07	1.93	3.7249	0.369900695
C3R2	7	8.93	-1.93	3.7249	0.41712206
C4R1	5	7.95	-2.95	8.7025	1.094654088
C4R2	10	7.05	2.95	8.7025	1.234397163
C5R1	12	7.95	4.05	16.4025	2.063207547
C5R2	7	7.05	-0.05	0.0025	0.00035461
Total					11.44
Result					

$DF = (r - 1)(c - 1)$
 $= 1 * 4$
 $= 4$

Degree Of Freedom	Level Of Significance	Calculated Value of Chi Square	Tabulated Value of Chi Square	Hypothesis
N - 1 = 10 - 1 = 9	5%	11.4398	9.488	Null Hypothesis is Rejected.

It is found there is no significant effect of factors of investment & gender hypotheses is rejected It means that different factors like Risk, Return, Price Futurity and Future are effect on Making Investment if their future goal change their investment can be change.

Hypothesis 2

H0: Respondents' do not agree with the commonly held notions about investment strategies.

H1: Respondents' do agree with the commonly held notions about investment strategies.

Strategies	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
How much do you agree that investing in more than one avenue lowers your total investment risk?	42	39	17	0	2
Improper Systematic planning of investment could change the flow of income.	22	54	23	0	1
Investments s hould be made from your Saving.	45	38	11	0	0
Having good investments made now, future savings could be boosted.	46	35	13	0	0

In ANOVA, analysis cannot be done on frequency. So I converted frequency into scores that is depicted in the following table.

210	156	51	0	2
110	216	69	0	1
225	152	33	0	0
230	140	39	0	0

Calculations

ANOVA : Single Factor

SUMMARY						
Groups	Count	Sum	Average	Variance		
Row 1	5	419	83.8	8982.2		
Row 2	5	396	79.2	8038.7		
Row 3	5	410	82	10299.5		
Row 4	5	409	81.8	10141.2		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	53.8	3	17.93333	0.001915	0.999879	3.238872
Within Groups	149846.4	16	9365.4			
Total	149900.2	19				
F Crit value > F Value						
Ho is accepted.						

Findings of the study

- Investors are mostly preferring to invest in multiple securities rather than investing in single security because of the fact that diversifying the investments lowers the risk.
- Majority of people prefer to invest in shares, mutual funds, life insurance & bank fixed deposits and this is how they design their portfolios.
- People prefer their investment to grow at average rate.
- Both genders are somewhat literate about financial literacy.

Limitations of the study

- Due to a lengthy process and heavy resources needed, a nationwide survey was not possible; hence the study was limited to Rajkot City.
- Because a smaller sample was chosen, the population under research may not be accurate enough. However I have tried to represent it in the best manner.pk
- It's not possible to rule out the possibility that the respondent's replies are biased.
- Due to a lack of expertise and knowledge, some respondents weren't able to reply to the questions.
- As some questions required personal information some respondents were hesitant to give their personal information or shall not be interested in providing accurate information.

CONCLUSION

The research on the investment trends among employed individuals has been conducted with the aim of analyzing investment patterns, identifying gender-related influencing factors for investments, and understanding investment preferences within Rajkot City. The residents demonstrate a strong awareness and commitment towards augmenting their wealth and ensuring their future security by engaging in the financial market. While a substantial number of individuals are familiar with various financial avenues such as stocks, property, gold, crypto currencies, mutual funds, and provident funds, they possess relatively less awareness about government schemes and start-up ventures.

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